# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:4143
ANSWERED ON:11.08.2017
GST on Shipping Industry
Senguttuvan Shri Balasubramaniam

**Will the Minister of FINANCE be pleased to state:**

a) whether under the new Goods and Services Tax (GST) regime a levy of 5 per cent would be imposed on Indian shipping companies that ferry cargo from and to India and if so, the details thereof;

(b) whether the GST at this rate is also levied on Indian companies that engage in the business of buying and selling of vessels and if so, the details thereof;

(c) whether the foreign shipping companies are exempt from GST placing the Indian companies at a disadvantage by raising the cost of its operations and if so, the details thereof;

(d) whether the Government has taken cognizance that the lack of level-playing field would impel the Indian companies to move out of India; and

(e) if so, the details thereof and the action taken by the Government in this regard?

## Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SANTOSH KUMAR GANGWAR)

(a): Service provided by Indian shipping lines to a person located outside India by way of transport of goods by a vessel from India to a place outside India is zero rated. Similar service provided to a person located in India is liable to GST @ 5%. However, the person located in India is eligible to get input tax credit (ITC) and subsequent refund of the same as the exports are zero rated and thus the same one not be a cost to him.
Service provided by an Indian shipping line and a foreign shipping line by way of transport of goods from a place outside India up-to the Customs Station of clearance in India are liable to GST @ 5%.

(b): GST at the rate of 5% shall be payable on supply of vessels.

(c): No, Sir. Exempting Indian shipping lines from GST shall adversely affect them and deny them level playing field vis a vis foreign shipping lines by blocking their ITC and thereby increasing their costs. The tax on the services provided by the Indian Shipping lines is borne by the recipient, that is, the Indian exporter who is eligible to get refund of the same as exports are zero rated.

(d) & (e): Do not arise in the light of (c) above.
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